

	Schools Forum 1 March 2022
	Report from the Strategic Director of Children and Young People
DSG Budget Monitoring Report 2021/22	

Wards Affected:	All
Key or Non-Key Decision:	N/A
Open or Part/Fully Exempt: <small>(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)</small>	N/A
No. of Appendices:	One – Appendix 1 DSG Monitor 2021-22
Background Papers:	N/A
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1. Purpose of the Report

- 1.1. This report provides Schools Forum with an update on the forecast financial position for 2021/22. The reported position is against the budget set in consultation with Schools Forum and submitted to the Department for Education (DfE) on the Section 251 budget return. For information, the budget is analysed by funding block in Appendix 1 of this report.

2. Recommendation

- 2.1. Schools Forum is asked to note the contents of this report.

3. Summary

- 3.1. The demand for High Needs provision has continued to increase compared to the position reported in November 2021, with a projected deficit against the High Needs Block of £5.3m.
- 3.2. This is further exacerbated by a £0.5m pressure against the Early Years Block, accumulating to a deficit of £5.8m. £0.4m forecast underspends against the Schools and Central Services Blocks have contributed towards reducing the overall DSG forecast deficit to £5.4m in 2021/22. The cumulative deficit position

is set to increase from £10.5m carried forward from 2020/21 to £15.9m by the end of this financial year.

- 3.3. The detailed financial monitor of the 'DSG Schools Budget' is presented in Appendix 1. The 'Actual to P9' column represents spend to date as of the 31st December 2021 and the forecasts provided are those prepared during January 2022.

4. DSG Income

Table 1 – DSG Income Forecast

Funding Blocks	DSG Income Budget Jan 22	Forecast Income	Variance
	£m	£m	£m
Schools	(118.7)	(118.7)	0
HNB	(58.8)	(58.8)	0
Early Years	(23.4)	(23.4)	0
Central	(2.3)	(2.3)	0
Total DSG Income	(203.2)	(203.2)	0

- 4.1. The mainstream Schools Block income is projected to be in line with the budget set at £118.7m. This excludes £129m income which was recouped from the total DSG grant by the DfE for academies.
- 4.2. The High Needs Block (HNB) income has been revised from £59.4m reported in November 2021 to £58.5m. This follows the import/export adjustment by the DfE in July 2021. This takes into account place funding owed to other Local Authorities for pupils with High Needs and vice-versa. The net effect of this adjustment saw an increase in funding of £0.558m. However, an additional import/export adjustment, which was expected in November 2021, resulted in a reduced funding allocation of £0.576m. This has brought the overall HNB forecast income to £58.8m, in line with the original budget set in January 2021, excluding academy recoupment by the DfE of £7.6m.
- 4.3. The Early Years Block income forecast is currently set to breakeven. However, the DfE has published a provisional clawback in funding of £0.694m, which relates to this financial year. This is as a result of the funding allocation for 2021/22 being impacted by comparatively low attendance numbers seen in Spring and Summer terms 2021. The DfE's initial funding allocation for 2021/22 was based on the January 2021 census data. An Education and Skills Funding Authority (ESFA) update in January 2022 showed a downward adjustment of this initial allocation due to reduced attendance numbers submitted in the exceptional termly census arrangements put in place for 2021/22. Attendance numbers started to increase from October 2021.

- 4.4. The January 2022 funding adjustment update comprised 3/12ths from the Spring 2021 census, 5/12ths from the Summer term 2021 census and 4/12ths from the Autumn 2021 census return. The low numbers of take up hours experienced in Spring and Summer 2021 have led to this drop in funding.
- 4.5. The 2021/22 funding allocation will see a further final adjustment which will be published in July 2022, as Spring 2022 census numbers will replace the previously used Spring 2021 census for the final 3/12ths of the calculation. The January 2022 census has just been completed and has shown an increase in take-up of the 2-year old entitlement and a small increase in 3 & 4-year-old entitlements. A reconciliation will be completed as part of the budget monitoring process to finalise the likely impact of the increased numbers and the reduction in funding.

5. DSG Expenditure

Table 2 – DSG Expenditure Forecast

Funding Blocks	DSG Expenditure Budget Jan 22	Forecast Expenditure	Over/ (Under) spend
	£m	£m	£m
Schools	117.5	117.3	(0.2)
High Needs	60.0	65.3	5.3
Early Years	23.4	23.9	0.5
Central	2.3	2.1	(0.2)
Total	203.2	208.6	5.4

6. Schools Block Expenditure

- 6.1. There is an overall forecast underspend against the Schools Block of £0.2m mainly due to underspend against the growth fund for Academies to address pressures arising from rising rolls or growth in pupil numbers. This is as a result of the timing difference between Academies and Local Authority financial years, where funding for Academies is adjusted to take into account the additional 5 months of growth funding required by Academies but not maintained schools.
- 6.2. The growth budget also funds the Choice and Fair Access panel (CAFAl) arrangements (£0.8m) for new arrivals to Brent schools where the Council commissions targeted support for the needs of new arrivals. The CAFAl process assesses the needs of Year 10 and Year 11 new arrivals who do not speak English or have significant special needs.

- 6.3. There has been an increase over recent years in the number of claims for maternity and paternity scheme payments. The forecast for 2021/22 based on the current number of claims is £0.3m, resulting in a £34k pressure which is currently being mitigated by underspends within the Block.

7. High Needs Block Expenditure

- 7.1. The DSG allocated HNB budget is £58.8m. Schools Forum agreed £1.2m to be transferred from the Schools Block, which brings the total expenditure budget of the HNB to £60.0m. This budget is forecast to exceed income by £5.3m, mainly due to increases in the number of EHCPs. This is an increase of £0.6m compared to the pressure reported at the November 2021 Forum.
- 7.2. The growing number of EHCPs has been the principal driver of increased HNB expenditure. As of January 2022, there were 2,895 EHCPs for Brent pupils in all settings, compared to 2,784 in January 2021, representing a 4% increase over the 12-month period.
- 7.3. The total forecast expenditure on top-up funding for 2021/22 is £51.7m compared to £49.7m actual spend in 2020/21, a 4% increase. This is a 3% decrease in forecast expenditure from the position reported to Forum in November 2021, with a forecast pressure of £2.7m for pupils placed in Brent mainstream schools and £1.3m forecast pressure against independent special schools.
- 7.4. The SEN Support conditional grant with a £0.5m envelope is being piloted in the academic year 2021/22 to increase early intervention activity through a schools based graduated approach which intends to reduce escalation of need to Education Health and Care Plan (EHCP) level. This budget is forecast to break even.
- 7.5. In total, the High Needs SEN support services budgets is forecasting a pressure of £0.8m mainly due increased demand, including the Speech and Language Therapy contract and the SEN Assessment service. This is a revision from the forecast underspend of £0.6m previously reported as more information has become known to set a more robust forecast.
- 7.6. The HNB has in place a Management Plan to recover the deficit and manage the pressures over the next few years and the Plan will be presented to the Schools Forum on a termly basis.

8. Central Block Expenditure

- 8.1 The Central Block of the DSG (£2.2m) funds central services for schools. This includes a set contribution towards pension strain costs for former school employees of £0.6 million, and it is a long-term annual commitment.

8.2 There is a forecast underspend of £0.2m from the Central Block, mainly arising from in year vacancies in the Admissions and the School Effectiveness Services and a reduction in contributions towards historic commitments for pensions strain costs.

9. Early Years Block Expenditure

9.1. 95% of this Block income is passed on to providers, and the remaining 5% funds the EY central services budgets. The Nursery Education Grant budget allocations for 2-year-old provision (NEG 2) and for 3&4-year-old provision (NEG 3 & 4) are set at the start of the year according to estimated take up. Payments are then made according to actual pupil numbers each term.

9.2. Prior year adjustments relating to 2020/21 allocation has resulted in a decrease in funding of £0.5m, following confirmation of the January 2021 Early Years census, as amounts paid to providers has exceeded the income allocation against both the 2-year-old and the 3&4-year-old provisions. A risk remains that the pressure against this Block could increase as a result the further adjustment highlighted above in paragraph 4.3.

10. Financial Implications

10.1. The financial implications have been detailed in the body of this paper.

11. Legal Implications

11.1. There are no legal implications for this report.

12. Equality Implications

12.1. Not applicable.

13. Consultation with Ward Members and Stakeholders

13.1. Not applicable.

14. Human Resources/Property Implications (if appropriate)

14.1. Not applicable

Related Documents – Prior Finance Reports to Schools Forum

Report sign off:

Gail Tolley

Strategic Director of Children and Young People